

Message Text

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42

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 L-03 COME-00 TRSE-00

OMB-01 STR-04 SP-02 CIAE-00 INR-07 NSAE-00 AID-05

/050 W

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R 252202Z AUG 76

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 4301

INFO AMEMBASSY GUATEMALA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

UNCLAS TEGUCIGALPA 4119

E.O. 11652: N/A

TAGS: ETRD, EAGR, HO

SUBJ: HONDURAN REQUEST FOR AUGMENTATION OF MEAT EXPORTS

TO US UNDER VRP

REF: (A) STATE 203583, (B) TEGUCIGALPA A-40

1. MINECON OFFICERS FROYLAN OCHOA (DEPT OF COMMERCIAL POLICY AND JOSE MARTINEZ (DIRECTOR, DEPT OF FOREIGN TRADE) VISITED EMBASSY AUGUST 23 TO REQUEST CONSIDERATION OF AN INCREASE OF FROM 7 TO 10 MILLION POUNDS IN THE 1976 HONDURAS QUOTA UNDER VOLUNTARY RESTRAINT PROGRAM (VRP) OF US MEAT IMPORT ACT. THEY OUTLINED THE FOLLOWING ARGUMENTS:

A. HONDURAS HAD BY JULY EXPORTED 25 MILLION POUNDS OF BEEF CHARGEABLE TO ITS 1976 VRP QUOTA OF 35.8 MILLION POUNDS AND EXPECTS TO FILL QUOTA BY OCTOBER. FINAL QUARTER CUSTOMARILY IS PERIOD OF HEAVIEST SLAUGHTER AND BEEF PRODUCTION. (SUB-NORMAL RAINFALL DURING JULY/AUGUST-MIDPOINT OF RAINY SEASON COULD, IF PROLONGED, ACCELERATE SLAUGHTER TO REDUCE HERDS, THEREBY AGGRAVATING OVER-SUPPLY).

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B. BANANA PRODUCTION AND EXPORT, HONDURAS' PRINCIPAL SOURCE

OF EARNINGS AND EXCHANGE, HAS BEEN SLOW TO RECOVER FROM 1973 HURRICANE DAMAGE. ENLARGED BEEF QUOTA COULD HELP CLOSE THIS GAP.

C. WHEN GOH CONCURRED IN 35.8 MILLION 1976 QUOTA, IT DID SO IN ANTICIPATION OF A LATER INCREASE PERMITTED BY IMPROVED US MEAT SITUATION AND/OR REALLOCATION OF SHORTFALLS FROM OTHER PARTICIPATING COUNTRIES. IT ALSO EXPECTED RECEIVE WEEKLY US CUSTOMS DATA ON VRP IMPORTS FROM ALL PARTICIPANTS WITH WHICH TO GUAGE/ADJUST ITS RATE OF EXPORTATION. (THEY INVITED ATTENTION TO PARA 7 OF EMB NOTE 058, TRANSMITTED WITH REF B, WHICH STATES THESE DATA WOULD BE FORTHCOMING TO ASSIST IN MONITORING EXPORTS). IN ABSENCE THESE DATA, GOH HAS BEEN UNABLE ADEQUATELY TO JUDGE CURRENT STATUS ITS QUOTA AND PROSPECTS FOR REALLOCATIONS OF SHORTFALLS.

D. ON BASIS LIMITED DATA AVAILABLE, GOH UNDERSTANDS THAT GUATEMALA, EL SALVADOR AND OTHER CENTRAL AMERICAN AND CARIBBEAN COUNTRIES ARE BEHIND IN SHIPMENTS AND ARE LIKELY TO HAVE DEFICITS. HONDURAS HAS GOOD RECORD OF COMPLIANCE WITH VRP, MEETING QUOTAS, SUPPLYING MONTHLY MEAT EXPORT DATA TO AGATTACHE, AND ABSTENTION FROM ATTEMPTS TO CIRCUMVENT VRP BY PROCESSING SURPLUS THIRD-COUNTRY BEEF AND RE-EXPORTING IT TO US UNDER OTHER CATEGORIES. GOH HOPEFUL, THEREFORE, THAT IT CAN RECEIVE FAVORABLE CONSIDERATION FOR REALLOCATION.

2. ACTION REQUESTED:

- A. THE DEPARTMENT IS REQUESTED TO GIVE APPROPRIATE CONSIDERATION TO GOH REQUEST AND ADVISE RESULTS.
- B. ADVISE ALSO STATUS OF USG EFFORTS TO PROVIDE CURRENT DATA ON MEAT IMPORTS FROM ALL PARTICIPANTS CHARGEABLE TO VRP QUOTAS.
- C. PROVIDE GUIDANCE IN RESPONDING TO GOH REQUEST FOR ENLARGED QUOTA, ESPECIALLY WITH REGARD TO PROSPECTS FOR REALLOCATION OF SHORTFALLS AND FOR LARGER QUOTA NEXT YEAR IF INCREASE FOR 1976 NOT POSSIBLE.

3. COMMENT: DRAWING ON HIS EXPERIENCE WITH MEAT PROGRAM IN PANAMA DURING FIRST HALF 1976 AND CONTINUING PROBLEMS OF US MEAT PRODUCERS, EMBOFF CAUTIONED GOH OFFICERS NOT TO BE OPTIMISTIC ABOUT CHANCES FOR INCREASED QUOTA. EMBOFF ALSO URGED

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CONSIDERATION BY GOH OF MEASURES TO REDUCE PRODUCTION IN LAST QUARTER. US MISSION SUPPORTS GOH REQUEST FOR EARLY CONSIDERATION AND ADVICE OF PROSPECTS FOR SHORTFALL REALLOCATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORT QUOTAS, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TEGUCI04119
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760326-0289
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760819/aaaaaqea.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 203583, 76 TEGUCIGALPA A-40
Review Action: RELEASED, APPROVED
Review Authority: cahillha
Review Comment: n/a
Review Content Flags:
Review Date: 25 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 FEB 2004 by ReddocGW>; APPROVED <31 JAN 2005 by cahillha>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HONDURAN REQUEST FOR AUGMENTATION OF MEAT EXPORTS TO US UNDER VRP
TAGS: ETRD, EAGR, HO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006